

# NATIONAL MILITARY FORCE REVIEW

## FACT SHEET

### **BACKGROUND**

Defence has acknowledged the urgent need to reorganise its Armed Forces against the pressing requirements imposed by global challenges to security and the complex and difficult economic and financial situation. Across Defence at large, transformation processes are diverse and complex and often require other than short implementation time. Consequently, in order to build tomorrow's Defence, we must act now.

### **DELEGATED LEGISLATION**

The Italian Parliament passed Law 244/12, which identifies the principles, criteria and objectives of Force Review. Through such a delegated piece of legislation, the Government has been authorised to issue implementing decrees.

### **PURPOSE**

The Act envisages a deep and meaningful review of national military forces, in order to shape a financially sustainable defence system characterised by higher efficiency and operational effectiveness, and that can be fully integrated into the European and NATO Defence and Security Systems, with a focus on human resources.

### **ASSUMPTION**

The proposed reorganisation of the Ministry of Defence relies on a crucial assumption: no new or additional public spending is required, while the standard European and Allied expenditure standards are used as reference.

### **BALANCING RESOURCES**

The 'Defence Function' is currently allocated a maximum of 0.84% of GDP, compared to 1.01% in 2004. According to the latest data published by EDA (the European Defence Agency), European countries allocate 1.61% on average to the Defence Function. Moreover, it should be noted that 70% of such resources in Italy is allocated to cover personnel costs; the resources and investment sectors share the remaining 12% and 18%, respectively. An obvious, significant imbalance results from this: resources are not allocated as fittingly as in the case of European and Allied expenditure sectors, where allocation ratio is 50%-25%-25% to personnel, resources and investments, respectively.

## **THE FORCE REVIEW FOCUS**

The project to review the Italian military - which stems from the above delegated legislation - adheres to the following guidelines:

- streamlining the Armed Forces' architecture by disbanding and merging operational, logistic, and training units; and territorial and subordinate bodies; merging functions based a joint approach,
- reducing the overall strength to 150,000 through steady decrease,
- reducing the total number of defence-employed civilians to 20,000 through decremental steps;
- introducing flexibility in defence financial planning and management so as to rebalance allocations among the expenditure sectors and therefore make best use of the available resources, provided the total appropriated budget is unchanged.

Such guidelines are unavoidable and necessary to achieve a balanced military instrument which meets quality, operational, and deployability requirements and, at the same time, is consistent with the resources likely available.

## **REALLOCATION OF FINANCIAL RESOURCES**

In order to make the use of allocated resources more effective and efficient, the delegated legislation envisages the very resources can be reallocated to devoid expenditure sectors with re-balancing purposes.

## **STRUCTURAL / ORGANIZATIONAL PROVISIONS**

The Law states that rationalisation of operational, logistical, educational, and territorial facilities falls among the main objectives of Force reorganisation. It not only aims at optimising how human and material resources available are used, but also at limiting the amount of real estate actually used by Defence. The Act establishes a 30% reduction in infrastructures. This is consistent with the reduction of civil and military personnel Article 3 of the Law envisages. Defence and public finances at large will specifically benefit from achieving such an objective in the mid-term. In fact, the MoD will manage a smaller number of infrastructures; moreover, those deemed no longer useful can be transferred to a new owner, with revenues being shared according to dedicated provisions already in force. Also the cost for estate management will be reduced, and savings can be reallocated to Armed Forces' resources.

## **REDUCING FORCE STRENGTH**

The Law has the reduction to 150,000 military personnel in the mid-to-long-term as one of its objectives, excluding the Carabinieri and the Coast Guard. In order to add to flexibility, a possibility exists to postpone annual deadlines as set forth in Article 5, paragraph 2 of the very law based on the actual recruitment and retirement ratios.

As a result of the spending review (cfr. Legislative Decree 95/2012), the total strength will be reduced to 170,000 personnel by 1 January 2016.

Reducing the strength to 150,000 personnel in the mid-to-long-term will require the adoption of a package of measures that include: limiting recruitment as compared to the current provisions for the transformation into a fully professional military force; facilitating the transition of military personnel into Defence civilian force and other public bodies'; a commitment to facilitate retirements earlier than by-law age limits, while safeguarding personnel as a whole.

## **REDUCING MILITARY EXECUTIVES**

Let alone the Carabinieri and the Coast Guard, the Law also establishes 'military executives' (rank of Colonel and above) must be reduced to 310 (Generals / Admirals) and to 1,566 (Colonel / Navy Captain) within six and ten years, respectively.

The spending review will also affect these personnel with a reduction from 443 to 358 Generals / Admirals, and from 1,957 to 1,763 Colonels / Navy Captains by 1 January 2016.

thus accounting for a reduction by 48 Generals / Admirals and by 197 Colonels / Navy Captains.

## **REDUCING CIVILIAN STAFF**

Reducing the strength of defence-employed civilian personnel to 20,000 is another objective of the law to be achieved in the mid-to-long-term and with a view to enhancing vocational quality and adopting individual vocational improvement plans.

Also pursuant to achieving such objective are internal mobility measures; the transition from full-time to part-time contracts; remote working; and reassigning personnel to other public bodies.

The planned reduction - which also results from the spending review - has already begun, with a decrease from 30,525 to 27,926 personnel as a first milestone.